

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 STR-07 ACDA-12 /112 W
-----050038 141010Z /12

P R 140839Z JUN 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC PRIORITY 1708
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
USMISSION USNATO
AMEMBASSY BUCHAREST
AMEMBASSY LONDON PRIORITY
AMEMBASSY MOSCOW
AMCONSUL MUNICH
AMEMBASSY PARIS
AMEMBASSY PRAGUE
AMEMBASSY ROME
AMEMBASSY SOFIA
AMEMBASSY WARSAW

C O N F I D E N T I A L SECTION 1 OF 2 BUDAPEST 2399

E.O.11652: GDS
TAGS: ECON, EEWT, PINT, PGOV, PEPR, PINR, HU
SUBJECT: KADAR'S SPEECH TO APRIL MEETING OF CENTRAL COMMITTEE

REF: (A) BUDAPEST 1935; (B) BUDAPEST 1690 (C) BUDAPEST 1713

1. SUMMARY: IN LENGTHY ADDRESS TO APRIL 19-20 SESSION
OF CENTRAL COMMITTEE (CC) OF HUNGARIAN SOCIALIST WORKERS'
PARTY (HSWP) -- HIS MOST IMPORTANT OF SEVERAL YEARS -- FIRST
SECRETARY JANOS KADAR MADE CLEAR THAT BELA BISZKU HAD BEEN
REMOVED FROM HSWP SECRETARIAT FOR OPPOSING ECONOMIC
REFORM AND BETTER RELATIONS WITH WEST. PLACING HIS
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PERSONAL PRESTIGE ON THE LINE, HE EMPHASIZED THE NECESSITY
TO RESTRUCTURE HUNGARIAN INDUSTRY, DEVELOP REALISTIC PRICE
POLICIES, AND MAINTAIN INCENTIVES. HE CALLED FOR
PARTY UNITY, WARNING OF DANGER FROM THOSE HOLDING
DOGMATIC AND SECTARIAN VIEWS. WITH POTENTIAL CRITICS IN
MIND, HE STRESSED SOVIET SUPPORT FOR HIS POLICIES. ON
JUNE 9 AS PART OF CAMPAIGN TO EXPLAIN HIS POLICIES KADAR

MADE SIMILAR SPEECH ON HUSTINGS IN DEBRECEN (SEPTTEL). END SUMMARY.

2. KADAR'S SPEECH TO CC MEETING OF APRIL 19-20 EXPLAINED KEY ELEMENTS OF CC RESOLUTION (REFTELS) AND MADE CLEAR REASONS FOR PERSONNEL CHANGES EFFECTED BY CC. (EMBASSY IS POUCHING TEXT TO DEPARTMENT). KADAR CLAIMED CC RESOLUTIONS UNDER DISCUSSION WERE NOT A DEPARTURE FROM DECISIONS OF HSWP'S ELEVENTH PARTY CONGRESS WHICH HAD ACCEPTANCE OF HUNGARIAN PEOPLE AND CPSU. SIMILARLY KADAR REFERRED TO ELECTION OF SANDOR GASPAR TO PRESIDENCY OF WFTU AND A HUNGARIAN TO LEADING POST IN WORLD FEDERATION OF YOUTH AS REFLECTING APPRECIATION OF HUNGARIAN POLICIES BY ITS ALLIES.

3. AFTER AFFIRMING HUNGARIAN COMMITMENT TO PEACE, DETENTE AND TO HELSINKI PROCESS, KADAR EXPOUNDED ON FUNDAMENTAL IMPORTANCE OF HUNGARIAN-SOVIET FRIENDSHIP, THEN STATED: "NOBODY MAY SPEAK OF IT WITH FALSE WORDS. WE KNOW THERE ARE PEOPLE IN OUR SOCIETY WHO CHEER HUNGARIAN-SOVIET FRIENDSHIP BUT THE WAY THEY THINK AND ACT ARE DIFFERENT...NOT X OR Y BUT THE HUNGARIAN SOCIALIST WORKERS' PARTY, THE HUNGARIAN WORKING CLASS AND THE HUNGARIAN PEOPLE ARE THE FRIENDS OF THE SOVIET UNION."

4. IN PARAGRAPH ON RELATIONS WITH WEST, KADAR SAID THAT
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POLITICAL ACTIVITY OF HUNGARIAN PEOPLE'S REPUBLIC HAS BECOME MORE ACTIVE AND EXTENDED IN EVERY SPHERE. HE CALLED ATTENTION TO INTENSIFIED TIES WITH A SERIES OF WESTERN COUNTRIES AND MENTIONED FAVORABLY RETURN OF THE CROWN OF SAINT STEPHEN AND SIGNING OF TRADE AGREEMENT WITH U.S. HE UNABASHEDLY SPOKE FOR IMPROVED TIES WITH WEST SAYING PEACEFUL COEXISTENCE WAS ALTERNATIVE TO WAR. IMPROVEMENT OF TIES, HE SAID, ENTAILS IMPROVEMENT IN ALL AREAS, INCLUDING CONSULTING ON INTERNATIONAL POLITICAL ISSUES. HE ADDED: "THOSE WHO ARE NOT CONVINCED IT IS NECESSARY THAT THE HUNGARIAN PEOPLE'S REPUBLIC FOLLOW AN ACTIVITY POLICY IN ITS RELATIONS WITH THE ECONOMICALLY DEVELOPED CAPITALIST STATES MUST BE CONVINCED OUR POLICY IS CORRECT."

5. ON INTRA-PARTY LINKS KADAR FIRST TOOK A STRONG SLAP AT CHINESE COMMUNISTS, THEN REAFFIRMED THAT EACH WESTERN EUROPEAN COMMUNIST PARTY SHOULD FOLLOW ITS OWN PATH TO SOCIALISM. REFERRING TO SPANISH PARTY CONGRESS EARLIER THIS YEAR, HOWEVER, HE STRONGLY AFFIRMED HSWP DEDICATION TO MARXIST-LENINISM.

6. IN STRESSING HSWP'S LEADING ROLE AND ITS ALLIANCE POLICY, KADAR PRAISED PARTY'S GREAT ACHIEVEMENTS IN OBTAINING SUPPORT OF HUNGARIAN INTELLIGENSIA AND CHURCHES. WHILE HSWP PROMOTES A SCIENTIFIC WORLD OUTLOOK, HE SAID, PARTY RESPECTS AUTONOMY OF CHURCHES.

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7. KADAR SAID MOST IMPORTANT RECENT CC RESOLUTION WAS THAT OF OCTOBER 1977 WHICH STRESSED RESTRUCTURING OF INDUSTRY. HE EMPHASIZED NEED FOR COMMITMENT TO PRICES WHICH REFLECT PRODUCTION COSTS, CUTTING BACK OF SUBSIDIES AND "SYSTEMATIC INCREASE OF THE STANDARD OF LIVING." HE FRANKLY ACKNOWLEDGED NEED FOR INCENTIVES AND SOCIAL NECESSITY FOR A LONG-RANGE APARTMENT BUILDING PROGRAM.

8. KADAR SAID PARTY CADRES MUST BE RENEWED PERIODICALLY. HE SPOKE OF NEED FOR ORDER, DISCIPLINE AND ABOVE ALL UNITY WITHIN HSWP. HE DEPLORED MANAGEMENT DEFICIENCIES INCLUDING LACK OF UNIFORM INTERPRETATION OF RESOLUTIONS.

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HE CONDEMNED UNILATERAL SENSITIVITY (THAT IS TOWARDS REVISIONISM ONLY) AMONG SOME PARTY MEMBERS AND SAID "WE HAVE TO BE SENSITIVE TO DOGMATIC AND SECTARIAN VIEWS AS WELL AS TO REVISIONIST, OPPORTUNIST, RIGHTIST AND OTHER HARMFUL VIEWS." KADAR CONCLUDED, "(PARTY) RESOLUTIONS ARE OBLIGATORY FOR EVERYBODY BUT NOBODY SHOULD BE MORE CATHOLIC THAN THE ROMAN POPE... NOBODY SHOULD BE MORE IMBUE WITH THE CLASS STRUGGLE THAN THE CENTRAL COMMITTEE; IN THIS SENSE WE HAVE A FINE AND PROPER PARTY AND CENTRAL COMMITTEE."

9. TWO HUNDRED THOUSAND BROCHURES CONTAINING KADAR'S SPEECH WERE PUT IN CIRCULATION ON MAY 18. (SPEECH HAS NOT APPEARED IN NEWSPAPERS.) ACCORDING TO RELIABLE SOURCES, WE UNDERSTAND VERSION ACTUALLY DELIVERED AT CC MEETING WAS MUCH LONGER AND SALTIER, BUT PUBLISHED EDITION PRESERVES SENSE AND FRANKNESS OF ORIGINAL.

10. COMMENT: DELAY IN PRINTING SUGGESTS KADAR SPEECH ONLY PUBLISHED AFTER CONSIDERABLE DELIBERATION, PROBABLY IN RESPONSE TO POPULAR PRESSURE FOR EXPLANATION. PUBLIC APPARENTLY MOST INTERESTED IN PERSONNEL CHANGES, WHICH KADAR ADDRESSED AT BOTH BEGINNING AND END OF HIS TALK. IN ADDITION TO HIS REMARKS DIRECTED AGAINST BISZKU AND BISZKU SYMPATHIZERS TO EFFECT NO ONE SHOULD BE MORE CATHOLIC THAN POPE AND THAT NEITHER X NOR Y IS THE PARTICULAR FRIEND OF SOVIET UNION, KADAR RELIABLY REPORTED TO HAVE SAID IT SUFFICIENT TO BE 100 PERCENT LOYAL TO SOVIET UNION; 130 PERCENT NOT NECESSARY.

11. PUBLIC APPARENTLY HAS ALSO BEEN CONCERNED THAT MORE REALISTIC PRICING POLICY MIGHT LEAD TO HIGHER PRICES AND EROSION OF STANDARD OF LIVING. THUS KADAR GAVE GREAT
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ATTENTION TO REASONS FOR PLANS TO REVAMP PRICE STRUCTURE. IMPORTANTLY, HE PROMISED WORKERS THEY WOULD BE COMPENSATED BY WAGE INCREASES AND OTHER MEANS FOR ANY PRICE RISES AND REPEATED HIS COMMITMENT TO RAISING HUNGARIAN STANDARD OF LIVING VIA ECONOMIC REFORM.

12. KADAR CONSISTENT WITH HIS ALLIANCE POLICY AND HIS POLITICAL STYLE IS TAKING HIS CASE DIRECTLY TO THE PEOPLE, PAYING GREAT ATTENTION TO HEADING OFF ANY ATTEMPT BY

POLITICAL CONSERVATIVES, SUCH AS BISZKU, TO CAPITALIZE ON
PUBLIC FEARS OF RISING PRICES. WITH THIS SPEECH HE HAS PUT HIS
PERSONAL PRESTIGE FIRMLY BEHIND A RENEWED PROGRAM OF ECONOMIC
REFORM, INCLUDING POLITICALLY SENSITIVE PRICE AND WAGE
REFORMS.
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